

# **TARAWERA HIGH SCHOOL**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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Ministry Number: 661

# TARAWERA HIGH SCHOOL

Financial Statements - For the year ended 31 December 2017

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# Tarawera High School

## Statement of Responsibility

For the year ended 31 December 2017

The Board of Trustees accepts responsibility for the preparation of the annual financial statements and the judgements used in these financial statements.

The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting.

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2017 fairly reflects the financial position and operations of the school.

The School's 2017 financial statements are authorised for issue by the Board.

Pari Maxwell

Full Name of Board Chairperson

Helen Tuhoro

Full Name of Principal



Signature of Board Chairperson



Signature of Principal

12/06/18

Date:

12/06/18

Date:

**Tarawera High School**

**Statement of Comprehensive Revenue and Expense**

For the year ended 31 December 2017

	Notes	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
<b>Revenue</b>				
Government Grants	2	6,638,634	5,723,820	5,858,009
Locally Raised Funds	3	209,418	56,200	368,298
Interest Earned		34,485	10,000	29,749
		<u>6,882,537</u>	<u>5,790,020</u>	<u>6,256,056</u>
<b>Expenses</b>				
Locally Raised Funds	3	49,964	27,000	68,629
Learning Resources	4	3,950,922	3,771,896	3,778,916
Administration	5	372,089	417,880	401,194
Finance Costs		2,549	-	3,021
Property	6	1,916,864	1,486,434	1,389,734
Depreciation	7	314,464	253,868	269,814
Loss on Disposal of Property, Plant and Equipment		465	-	-
		<u>6,607,317</u>	<u>5,957,078</u>	<u>5,911,308</u>
<b>Net Surplus / (Deficit)</b>		<u>275,220</u>	<u>(167,058)</u>	<u>344,748</u>
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u><u>275,220</u></u>	<u><u>(167,058)</u></u>	<u><u>344,748</u></u>

The above Statement of Comprehensive Revenue and Expense should be read in conjunction with the accompanying notes.



**Tarawera High School**

**Statement of Changes in Net Assets/Equity**

For the year ended 31 December 2017

	Actual 2017 \$	Budget (Unaudited) 2017 \$	Actual 2016 \$
Balance at 1 January	3,168,436	2,861,760	2,823,688
Total comprehensive revenue and expense for the year	275,220	(167,058)	344,748
Capital Contributions from the Ministry of Education			
Equity at 31 December	3,443,656	2,694,702	3,168,436
Retained Earnings	3,443,656	2,694,702	3,168,436
Equity at 31 December	3,443,656	2,694,702	3,168,436

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes.



**Tarawera High School**  
**Statement of Financial Position**  
As at 31 December 2017

		2017	2017	2016
	Notes	Actual \$	Budget (Unaudited) \$	Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	8	900,878	747,262	697,015
Accounts Receivable	9	212,932	349,282	217,093
GST Receivable		20,597	90,611	13,066
Prepayments		1,700	65,856	53,840
Investments	10	652,732	400,000	821,836
		<u>1,788,839</u>	<u>1,653,011</u>	<u>1,802,850</u>
<b>Current Liabilities</b>				
Accounts Payable	12	241,821	687,710	239,723
Revenue Received in Advance	13	250,089	-	97,563
Provision for Cyclical Maintenance		-	-	-
Finance Lease Liability - Current Portion	15	18,077	-	14,657
Funds held for Capital Works Projects	16	4,000	-	127,565
Funds held for Teen Parent Unit	17	-	80,654	153,635
		<u>513,987</u>	<u>768,364</u>	<u>633,143</u>
<b>Working Capital Surplus/(Deficit)</b>		<u>1,274,852</u>	<u>884,647</u>	<u>1,169,707</u>
<b>Non-current Assets</b>				
Investments (more than 12 months)	10	20,000	20,000	20,000
Property, Plant and Equipment	11	2,222,234	1,790,055	2,056,663
		<u>2,242,234</u>	<u>1,810,055</u>	<u>2,076,663</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	14	70,000	-	60,000
Finance Lease Liability	15	3,430	-	17,934
		<u>73,430</u>	<u>-</u>	<u>77,934</u>
<b>Net Assets</b>		<u>3,443,656</u>	<u>2,694,702</u>	<u>3,168,436</u>
<b>Equity</b>		<u>3,443,656</u>	<u>2,694,702</u>	<u>3,168,436</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



**Tarawera High School**  
**Statement of Cash Flows**  
For the year ended 31 December 2017

		2017	2017	2016
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
<b>Cash flows from Operating Activities</b>				
Government Grants		1,986,834	1,735,612	1,852,794
Locally Raised Funds		361,052	32,700	438,745
Goods and Services Tax (net)		(7,531)	-	77,545
Payments to Employees		(757,794)	(767,247)	(926,711)
Payments to Suppliers		(978,837)	259,922	(643,893)
Interest Paid		(2,549)	-	(3,021)
Interest Received		37,861	10,000	39,739
Net cash from / (to) the Operating Activities		639,036	1,270,987	835,198
<b>Cash flows from Investing Activities</b>				
Proceeds from Sale of PPE (and Intangibles)		-	-	247
Purchase of PPE (and Intangibles)		(479,207)	(523,725)	(1,115,332)
Purchase of Investments		-	-	(455,726)
Proceeds from Sale of Investments		169,104	-	-
Net cash from / (to) the Investing Activities		(310,103)	(523,725)	(1,570,811)
<b>Cash flows from Financing Activities</b>				
Finance Lease Payments		(5,505)	-	(4,548)
Funds Administered on Behalf of Third Parties		-	-	73,506
Funds Held for Capital Works Projects		(119,565)	-	127,565
Net cash from Financing Activities		(125,070)	-	196,523
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>203,863</b>	<b>747,262</b>	<b>(539,090)</b>
Cash and cash equivalents at the beginning of the year	8	697,015	-	1,236,105
Cash and cash equivalents at the end of the year	8	900,878	747,262	697,015

The statement of cash flows records only those cash flows directly within the control of the School. This means centrally funded teachers' salaries and the use of land and buildings grant and expense have been excluded.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.



# Tarawera High School

## Notes to the Financial Statements

### 1. Statement of Accounting Policies

For the year ended 31 December 2017

#### **a) Reporting Entity**

Tarawera High School (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education Act 1989. The Board of Trustees (the Board) is of the view that the School is a public benefit entity for financial reporting purposes.

#### **b) Basis of Preparation**

##### **Reporting Period**

The financial reports have been prepared for the period 1 January 2017 to 31 December 2017 and in accordance with the requirements of the Public Finance Act 1989.

##### **Basis of Preparation**

The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

##### **Financial Reporting Standards Applied**

The Education Act 1989 requires the School, as a Crown entity, to prepare financial statements in accordance with generally accepted accounting practice. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime as appropriate to public benefit entities that qualify for Tier 2 reporting. The school is considered a Public Benefit Entity as it meets the criteria specified as "having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders".

##### **PBE Accounting Standards Reduced Disclosure Regime**

The School qualifies for Tier 2 as the school is not publicly accountable and is not considered large as it falls below the expenditure threshold of \$30 million per year. All relevant reduced disclosure concessions have been taken.

##### **Measurement Base**

The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

##### **Presentation Currency**

These financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

##### **Specific Accounting Policies**

The accounting policies used in the preparation of these financial statements are set out below.



### ***Critical Accounting Estimates And Assumptions***

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### ***Useful lives of property, plant and equipment***

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 11.

### ***Critical Judgements in applying accounting policies***

Management has exercised the following critical judgements in applying accounting policies:

#### ***Classification of leases***

The School reviews the details of lease agreements at the end of each reporting date. The School believes the classification of each lease as either operation or finance is appropriate and reflects the nature of the agreement in place. Finance leases are disclosed at note 15.

#### ***Recognition of grants***

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to carryforward amounts unspent. The School believes all grants received have been appropriately recognised as a liability if required. Government grants are disclosed at note 2.

## **c) Revenue Recognition**

### ***Government Grants***

The school receives funding from the Ministry of Education. The following are the main types of funding that the School receives;

Operational grants are recorded as revenue when the School has the rights to the funding, which is in the year that the funding is received.

Teachers salaries grants are recorded as revenue when the School has the rights to the funding in the salary period they relate to. The grants are not received in cash by the School and are paid directly to teachers by the Ministry of Education.

Use of land and buildings grants are recorded as revenue in the period the School uses the land and buildings. These are not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Crown.

### ***Other Grants***

Other grants are recorded as revenue when the School has the rights to the funding, unless there are unfulfilled conditions attached to the grant, in which case the amount relating to the unfulfilled conditions is recognised as a liability and released to revenue as the conditions are fulfilled.

### ***Donations, Gifts and Bequests***

Donations, gifts and bequests are recorded as revenue when their receipt is formally acknowledged by the School.

### ***Interest Revenue***

Interest Revenue earned on cash and cash equivalents and investments is recorded as revenue in the period it is earned.

**d) Use of Land and Buildings Expense**

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. The School's use of the land and buildings as occupant is based on a property occupancy document as gazetted by the Ministry. The expense is based on an assumed market rental yield on the value of land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Ministry.

**e) Operating Lease Payments**

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

**f) Finance Lease Payments**

Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an effective interest basis.

**g) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, and other short term highly liquid investments with original maturities of 90 days or less, and bank overdrafts. The carrying amount of cash and cash equivalents represent fair value.

**h) Accounts Receivable**

Accounts Receivable represents items that the School has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the School realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the School will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

**i) Inventories**

Inventories are consumable items held for sale and comprise of stationery and school uniforms. They are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale. Any write down from cost to net realisable value is recorded as an expense in the Statement of Comprehensive Revenue and Expense in the period of the write down.

**j) Investments**

Bank term deposits for periods exceeding 90 days are classified as investments and are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards. Share investments are recognised initially by the School at fair value plus transaction costs. At balance date the School has assessed whether there is any evidence that an investment is impaired. Any impairment, gains or losses are recognised in the Statement of Comprehensive Revenue and Expense.

After initial recognition any investments categorised as available for sale are measured at their fair value without any deduction for transaction costs the school may incur on sale or other disposal.

The School has met the requirements under section 28 of schedule 6 of the Education Act 1989 in relation to the acquisition of securities.



## **k) Property, Plant and Equipment**

Land and buildings owned by the Crown are excluded from these financial statements. The Board's use of the land and buildings as 'occupant' is based on a property occupancy document.

Improvements to buildings owned by the Crown are recorded at cost, less accumulated depreciation and impairment losses.

Property, plant and equipment are recorded at cost or, in the case of donated assets, fair value at the date of receipt, less accumulated depreciation and impairment losses. Cost or fair value as the case may be, includes those costs that relate directly to bringing the asset to the location where it will be used and making sure it is in the appropriate condition for its intended use.

Property, plant and equipment acquired with individual values under \$500 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

Gains and losses on disposals (*i.e.* sold or given away) are determined by comparing the proceeds received with the carrying amounts (*i.e.* the book value). The gain or loss arising from the disposal of an item of property, plant and equipment is recognised in the Statement of Comprehensive Revenue and Expense.

### ***Leased Assets***

Leases where the School assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired by way of finance lease are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Leased assets and corresponding liability are recognised in the Statement of Financial Position and leased assets are depreciated over the period the School is expected to benefit from their use or over the term of the lease.

### ***Depreciation***

Property, plant and equipment except for library resources are depreciated over their estimated useful lives on a straight line basis. Library resources are depreciated on a diminishing value basis. Depreciation of all assets is reported in the Statement of Comprehensive Revenue and Expense.

The estimated useful lives of the assets are:

Building Improvements	18-40 years
Furniture and Equipment	5-15 years
Information and Communication	5 years
Motor Vehicles	5 years
Library Resources	8 years DV

Leased assets are depreciated over the life of the lease.

## **l) Intangible Assets**

### ***Software costs***

Computer software acquired by the School are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with subsequent maintenance or licensing of software are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software licences with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense when incurred.

Computer software that the school receives from the Ministry of Education is normally acquired through a non-exchange transaction and is not of a material amount. It's fair value can be assessed at time of acquisition if no other methods lead to a fair value determination. Computer software purchased directly from suppliers at market rates are considered exchange transactions and the fair value is the amount paid for the software.

The carrying value of software is amortised on a straight line basis over its useful life. The useful life of software is estimated as three years. The amortisation charge for each period and any impairment loss is recorded in the Statement of Comprehensive Revenue and Expense.

**m) Impairment of property, plant, and equipment and intangible assets**

The School does not hold any cash generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

*Non cash generating assets*

Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

**n) Accounts Payable**

Accounts Payable represents liabilities for goods and services provided to the School prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

**o) Employee Entitlements**

*Short-term employee entitlements*

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

*Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows

**p) Revenue Received in Advance**

Revenue received in advance relates to fees received from students and grants received where there are unfulfilled obligations for the School to provide services in the future. The fees are recorded as revenue as the obligations are fulfilled and the fees earned.

The School holds sufficient funds to enable the refund of unearned fees in relation to international students, should the School be unable to provide the services to which they relate.

**q) Funds Held in Trust**

Funds are held in trust where they have been received by the School for a specified purpose, or are being held on behalf of a third party and these transactions are not recorded in the Statement of Revenue and Expense.. The School holds sufficient funds to enable the funds to be used for their intended purpose at any time.

**r) Shared Funds**

Shared Funds are held on behalf of a cluster of participating schools as agreed with the Ministry of Education. The cluster of schools operate activities outside of school control. These amounts are not recorded in the Statement of Revenue and Expense. The School holds sufficient funds to enable the funds to be used for their intended purpose.



**s) Provision for Cyclical Maintenance**

The property from which the School operates is owned by the Crown, and is vested in the Ministry. The Ministry has gazetted a property occupancy document that sets out the Board's property maintenance responsibilities. The Board is responsible for maintaining the land, buildings and other facilities on the School site in a state of good order and repair.

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside day-to-day maintenance. The provision for cyclical maintenance represents the obligation the Board has to the Ministry and is based on the Board's ten year property plan (10YPP).

**t) Financial Assets and Liabilities**

The School's financial assets comprise cash and cash equivalents, accounts receivable, and investments. All of these financial assets, except for investments that are shares, are categorised as "loans and receivables" for accounting purposes in accordance with financial reporting standards.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards.

The School's financial liabilities comprise accounts payable, borrowings, finance lease liability, and painting contract liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

**u) Borrowings**

Borrowings are recognised at the amount borrowed. Borrowings are classified as current liabilities unless the School has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

**v) Goods and Services Tax (GST)**

The financial statements have been prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated as GST inclusive.

The net amount of GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

**w) Budget Figures**

The budget figures are extracted from the School budget that was approved by the Board at the start of the year.

**x) Services received in-kind**

From time to time the School receives services in-kind, including the time of volunteers. The School has elected not to recognise services received in kind in the Statement of Comprehensive Revenue and Expense.

## 2. Government Grants

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Operational grants	1,379,689	1,306,935	1,302,571
Teachers' salaries grants	2,995,570	2,852,574	2,852,574
Use of Land and Buildings grants	1,630,949	1,135,634	1,135,634
Tpu - Moe Income	259,465	-	-
Secondary tertiary alignment resource grants	-	-	41,823
Other MoE Grants	334,253	389,677	468,924
Other government grants	38,708	39,000	56,483
	<b>6,638,634</b>	<b>5,723,820</b>	<b>5,858,009</b>

## 3. Locally Raised Funds

Local funds raised within the School's community are made up of:

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
<b>Revenue</b>			
Donations	104,687	22,000	224,233
Fundraising	4,975	5,000	21,068
Activities	85,273	8,200	80,728
Curriculum Recoveries	14,483	21,000	42,269
	<b>209,418</b>	<b>56,200</b>	<b>368,298</b>
<b>Expenses</b>			
Activities	46,720	26,000	60,701
Fundraising (costs of raising funds)	3,244	1,000	7,928
	<b>49,964</b>	<b>27,000</b>	<b>68,629</b>
<b>Surplus for the year Locally raised funds</b>	<b>159,454</b>	<b>29,200</b>	<b>299,669</b>

## 4. Learning Resources

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Curricular	134,551	192,484	137,530
Extra-curricular activities	72,924	22,950	82,550
Library resources	-	2,000	-
Employee benefits - salaries	3,401,261	3,260,221	3,415,774
Staff development	21,334	30,000	27,328
Star	31,015	40,000	30,337
Principals Discretionary	53,712	53,000	25,016
Gateway (tec)	24,463	39,000	30,381
Alt Ed	123,539	132,241	30,000
Teen Parent Unit	88,123	-	-
	<b>3,950,922</b>	<b>3,771,896</b>	<b>3,778,916</b>



## 5. Administration

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	6,380	6,380	6,285
Board of Trustees Fees	4,250	6,800	5,600
Board of Trustees Expenses	17,657	19,000	36,818
Communication	18,501	36,000	25,806
Consumables	30,956	27,900	27,242
Operating Lease	3,528	9,000	2,388
Other	47,808	39,600	33,321
Employee Benefits - Salaries	206,711	230,600	224,999
Insurance	14,698	17,000	11,824
Service Providers, Contractors and Consultancy	21,600	25,600	26,911
	<u>372,089</u>	<u>417,880</u>	<u>401,194</u>

## 6. Property

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	8,198	8,000	8,868
Cyclical Maintenance Expense	10,000	20,000	10,000
Grounds	50,010	125,000	37,269
Heat, Light and Water	52,913	51,000	55,363
Rates	143	300	143
Repairs and Maintenance	20,952	16,000	17,856
Use of Land and Buildings	1,630,949	1,135,634	1,135,634
Security	4,931	1,500	423
Employee Benefits - Salaries	138,768	129,000	124,178
	<u>1,916,864</u>	<u>1,486,434</u>	<u>1,389,734</u>

The use of land and buildings figure represents 8% of the school's total property value. This is used as a 'proxy' for the market rental of the property. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

## 7. Depreciation

	2017	2017	2016
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Building Improvements	60,470	32,493	34,534
Furniture and Equipment	113,853	93,181	99,034
Information and Communication Technology	97,082	91,258	96,990
Motor Vehicles	23,306	20,949	22,265
Leased Assets	16,258	12,230	12,998
Library Resources	3,495	3,757	3,993
	<u>314,464</u>	<u>253,868</u>	<u>269,814</u>

## 8. Cash and Cash Equivalents

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Cash on Hand	253	-	253
ASB - 00 Account	235,581	747,262	-
ASB - 01 Ac	45,464	-	-
ASB - 02 Ac	7,983	-	-
ASB - 03 Ac	91,266	-	-
ASB - 04	210,247	-	-
BNZ -01 On Call	-	-	74,229
BNZ -66 On Call	-	-	77,985
BNZ -00	-	-	473,882
FF & E Account	-	-	68,292
ASB - 05	310,084	-	-
Short-term Bank Deposits	-	-	2,374
Cash equivalents and bank overdraft for Cash Flow Statement	<u>900,878</u>	<u>747,262</u>	<u>697,015</u>

The carrying value of short-term deposits with maturity dates of 90 days or less approximates their fair value.

Of the \$900,878 Cash and Cash Equivalents, \$4,000 is held by the School on behalf of the Ministry of Education. These funds are required to be spent in 2018 on Crown owned school buildings under the School's Five Year Property Plan.

## 9. Accounts Receivable

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Receivables	12,242	42,533	19,720
Receivables from the Ministry of Education	3,586	15,325	-
Interest Receivable	5,118	18,484	8,494
Teacher Salaries Grant Receivable	191,986	272,940	188,879
	<u>212,932</u>	<u>349,282</u>	<u>217,093</u>
Receivables from Exchange Transactions	17,360	61,017	28,214
Receivables from Non-Exchange Transactions	195,572	288,265	188,879
	<u>212,932</u>	<u>349,282</u>	<u>217,093</u>

## 10. Investments

The School's investment activities are classified as follows:

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Current Asset			
Short-term Bank Deposits	652,732	400,000	821,836
Non-current Asset			
Long-term Bank Deposits	20,000	20,000	20,000

# 11. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2017						
Building Improvements	951,838	360,507	-	-	(60,470)	1,251,876
Furniture and Equipment	672,500	84,175	(465)	-	(113,853)	642,354
Information and Communication Tech	295,230	30,885	-	-	(97,082)	229,034
Motor Vehicles	77,616	-	-	-	(23,306)	54,310
Leased Assets	31,520	4,933	-	-	(16,258)	20,195
Library Resources	27,959	-	-	-	(3,495)	24,465
Balance at 31 December 2017	2,056,663	480,500	(465)	-	(314,464)	2,222,234

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2017			
Building Improvements	1,350,877	(99,001)	1,251,876
Furniture and Equipment	1,368,825	(726,471)	642,354
Information and Communication	777,333	(548,299)	229,034
Motor Vehicles	174,329	(120,019)	54,310
Leased Assets	49,451	(29,256)	20,195
Library Resources	137,889	(113,424)	24,465
Balance at 31 December 2017	3,858,704	(1,636,470)	2,222,234

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2016						
Building Improvements	611,055	375,317	-	-	(34,534)	951,838
Furniture and Equipment	464,511	307,022	-	-	(99,034)	672,499
Information and Communication Tech	281,058	111,162	-	-	(96,990)	295,230
Motor Vehicles	91,620	8,261	-	-	(22,265)	77,616
Leased Assets	-	44,518	-	-	(12,998)	31,520
Library Resources	31,954	-	-	-	(3,993)	27,960
Balance at 31 December 2016	1,480,198	846,280	-	-	(269,814)	2,056,663

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2016			
Building Improvements	990,370	(38,532)	951,838
Furniture and Equipment	1,286,470	(613,971)	672,499
Information and Communication	755,098	(459,868)	295,230
Motor Vehicles	174,329	(96,713)	77,616
Leased Assets	44,518	(12,998)	31,520
Library Resources	137,889	(109,929)	27,960
Balance at 31 December 2016	3,388,674	(1,332,011)	2,056,663



**12. Accounts Payable**

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Operating creditors	33,809	386,244	18,362
Accruals	6,380	-	7,228
Capital accruals for PPE items	4,126	-	7,936
Employee Entitlements - salaries	191,986	272,940	188,879
Employee Entitlements - leave accrual	5,520	28,526	17,318
	<u>241,821</u>	<u>687,710</u>	<u>239,723</u>

Payables for Exchange Transactions	241,821	687,710	239,723
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<u>241,821</u>	<u>687,710</u>	<u>239,723</u>

The carrying value of payables approximates their fair value.

**13. Revenue Received in Advance**

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Income in Advance	208,319	-	97,563
China Trip 2018	41,770	-	-
	<u>250,089</u>	<u>-</u>	<u>97,563</u>

**14. Provision for Cyclical Maintenance**

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Provision at the Start of the Year	60,000	(20,000)	50,000
Increase to the Provision During the Year	10,000	20,000	10,000
Provision at the End of the Year	<u>70,000</u>	<u>-</u>	<u>60,000</u>
Cyclical Maintenance - Current	-	-	-
Cyclical Maintenance - Term	70,000	-	60,000
	<u>70,000</u>	<u>-</u>	<u>60,000</u>

**15. Finance Lease Liability**

The School has entered into a number of finance lease agreements for computers and other ICT equipment. Minimum lease payments payable:

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
No Later than One Year	18,077	-	14,657
Later than One Year and no Later than Five Years	3,430	-	17,934
	<u>21,507</u>	<u>-</u>	<u>32,591</u>





#### 16. Funds Held (Owed) for Capital Works Projects

During the year the School received and applied funding from the Ministry of Education for the following capital works projects:

	2017	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Special Needs Ramp and Fence	<i>completed</i>	67,499	(3,399)	64,100	-	-
Gym Works	<i>in progress</i>	60,066	1,874	57,940	-	4,000
Totals		127,565	(1,525)	122,040	-	4,000

#### Represented by:

Funds Held on Behalf of the Ministry of Education  
Funds Due from the Ministry of Education

4,000

-

4,000

	2016	Opening Balances \$	Receipts from MoE \$	Payments \$	BOT Contribution/ (Write-off to R&M)	Closing Balances \$
Special Needs Ramp and Fence	<i>in progress</i>	-	79,200	11,701	-	67,499
Gym Works	<i>in progress</i>	-	60,066	-	-	60,066
Totals		-	139,266	11,701	-	127,565

#### 17. Funds Held for Teen Parent Unit

The school's Teen Parent Unit is a separate business unit of the school in accordance with the agreement with the Ministry of Education. The revenue and expenditure is included in the school's Statement of Revenue and Expense. During the year the funds were spent on employee benefit expenses, administration and property management expenses.

#### 18. Related Party Transactions

The School is a controlled entity of the Crown, and the Crown provides the major source of revenue to the school. The school enters into transactions with other entities also controlled by the Crown, such as government departments, state-owned enterprises and other Crown entities. Transactions with these entities are not disclosed as they occur on terms and conditions no more or less favourable than those that it is reasonable to expect the school would have adopted if dealing with that entity at arm's length.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the school would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

## 19. Remuneration

### Key management personnel compensation

Key management personnel of the School include all trustees of the Board, Principal, Deputy Principals and Heads of Departments.

	2017 Actual \$	2016 Actual \$
<i>Board Members</i>		
Remuneration	4,250	5,600
Full-time equivalent members	0.06	0.12
<i>Leadership Team</i>		
Remuneration	999,618	1,021,394
Full-time equivalent members	10.96	12.26
Total key management personnel remuneration	1,003,868	1,026,994
Total full-time equivalent personnel	11.02	12.38

The full time equivalent for Board members has been determined based on attendance at Board meetings, Committee meetings and for other obligations of the Board, such as stand downs and suspensions, plus the estimated time for Board members to prepare for meetings.

### Principal

The total value of remuneration paid or payable to the Principal was in the following bands:

	2017 Actual \$000	2016 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	140 - 150	140 - 150
Benefits and Other Emoluments	4 - 5	4 - 5
Termination Benefits	-	-

### Other Employees

The number of other employees with remuneration greater than \$100,000 was in the following bands:

Remuneration \$000	2017 FTE Number	2016 FTE Number
100 - 110	2.00	1.00
	2.00	1.00

The disclosure for 'Other Employees' does not include remuneration of the Principal.

## 20. Compensation and Other Benefits Upon Leaving

The total value of compensation or other benefits paid or payable to persons who ceased to be trustees, committee member, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was payable was as follows:

	2017 Actual	2016 Actual
Total	-	\$29,000
Number of People	-	2

## 21. Contingencies

There are no contingent liabilities and no contingent assets as at 31 December 2017 (Contingent liabilities and assets at 31 December 2016: nil).



## 22. Commitments

### (a) Capital Commitments

There is currently an ongoing gymnasium upgrade as at 31 December 2017. The project is Ministry of Education funded with additional input from The School. The School has received \$183,974 in charitable funding to cover its commitments. At balance date the school has not spent any of these funds (Capital commitments at 31 December 2016: nil).

### (b) Operating Commitments

As at 31 December 2017 the Board has entered into the following contracts:

#### (a) operating lease of laptops;

	2017 Actual \$	2016 Actual \$
No later than One Year	23,751	26,837
Later than One Year and No Later than Five Years	40,866	64,616
Later than Five Years	-	-
	<u>64,617</u>	<u>91,453</u>

## 23. Managing Capital

The School's capital is its equity and comprises capital contributions from the Ministry of Education for property, plant and equipment and accumulated surpluses and deficits. The School does not actively manage capital but attempts to ensure that income exceeds spending in most years. Although deficits can arise as planned in particular years, they are offset by planned surpluses in previous years or ensuing years.

## 24. Financial Instruments

The carrying amount of financial assets and liabilities in each of the financial instrument categories are as follows:

### Loans and receivables

	2017 Actual \$	2017 Budget (Unaudited) \$	2016 Actual \$
Cash and Cash Equivalents	900,878	747,262	697,015
Receivables	212,932	349,282	217,093
Investments - Term Deposits	672,732	420,000	841,836
Total Loans and Receivables	<u>1,786,542</u>	<u>1,516,544</u>	<u>1,755,944</u>

### Financial liabilities measured at amortised cost

Payables	241,821	687,710	239,723
Borrowings - Loans	-	-	-
Finance Leases	21,507	-	32,591
Painting Contract Liability	-	-	-
Total Financial Liabilities Measured at Amortised Cost	<u>263,328</u>	<u>687,710</u>	<u>272,314</u>

## 25. Events After Balance Date

There were no significant events after the balance date that impact these financial statements.

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF TARAWERA HIGH SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Auditor-General is the auditor of Tarawera High School (the School). The Auditor-General has appointed me, Stephen Graham, using the staff and resources of BDO Rotorua Limited, to carry out the audit of the financial statements of the School on his behalf.

#### Opinion

We have audited the financial statements of the School on pages 2 to 19, that comprise the statement of financial position as at 31 December 2017, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
  - its financial position as at 31 December 2017; and
  - its financial performance and cash flows for the year then ended; and

comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime.

Our audit was completed on 12 June 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

#### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Board of Trustees for the financial statements

The Board of Trustees is responsible on behalf of the School for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Trustees is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board of Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going



concern basis of accounting, unless there is an intention to close or merge the School, or there is no realistic alternative but to do so.

The Board of Trustees' responsibilities arise from the Education Act 1989.

### **Responsibilities of the auditor for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the School's approved budget.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material

errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The Board of Trustees is responsible for the other information. The other information comprises the information included on pages 2 to 19, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the School.

A blue ink signature, appearing to read 'Stephen Graham', is written over a horizontal line.

**Stephen Graham**  
**BDO Rotorua Limited**  
**On behalf of the Auditor-General**  
**Rotorua, New Zealand**